

## Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 02980 191010Z

16

ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 AF-10 TRSE-00 COME-00 INT-08

SCEM-02 AID-20 NSC-10 RSC-01 CIEP-02 SS-15 STR-08

OMB-01 CEA-02 CIAE-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 L-03 H-03 RSR-01 /146 W

----- 125484

R 190937Z AUG 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 7430

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

C O N F I D E N T I A L KUWAIT 2980

DEPT PASS TREASURY

E.O. 11652: GDS

TAGS: EFIN KU

SUBJ: ARAB MONETARY RESERVES

REF: STATE 157536

1. EMBOFFS PRESENTED INFORMATION MEMORANDUM CONTAINING TEXT  
PARA 4 REFTEL TO ACTING UNDERSECRETARY MINISTRY FINANCE AND OIL  
AND DEPUTY GOVERNOR CENTRAL BANK AS WELL AS TO SENIOR MINISTRY  
FOREIGN AFFAIRS OFFICIAL. DEPUTY GOVERNOR CENTRAL BANK/HAMZA  
ABBAS AL-HUSSEIN INDICATED HE HAD PREVIOUSLY BEEN GIVEN US PAPER  
BY C-20 REP.

2. HAMZA ABBAS IS KUWAITI OFFICIAL MOST DIRECTLY CONCERNED WITH  
ISSUES AND WAS ONLY OFF TO COMMENT EXTENSIVELY. WHILE AGREEING  
SUBSTANCE OF PAPER WENT LONG WAY TOWARD SATISFYING CONCERNS  
OF KUWAIT AND OTHER OIL PRODUCING COUNTRIES, HE WAS BOTHERED BY  
REPORTING REQUIREMENTS AND POSSIBILITY THAT ALL STATES MIGHT NOT  
ACCEPT PROPOSALS. REGARDING FORMER HE CONCERNED OVER GOK MAINTAINING  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUWAIT 02980 191010Z

CONFIDENTIALITY AND FREEDOM OF ITS INVESTMENT POLICIES AND ACTIONS.

HE WONDERES WHETHER THIS WOULD BE POSSIBLE WITH REPORTING SYSTEM OUTLINED IN US PAPER.

3. OF SOMEWHAT MORE CONCERN TO HIM WAS WHAT WOULD HAPPEN IF ONE COUNTRY REFUSED TO GO ALONG. HE ASKS WHAT COULD IMF DO SINCE FUNDAMENTAL PROBLEM WOULD REMAIN. IF PRICE OF OIL IS RAISED, CONSUMPTION PRESUMABLY WOULD NOT BE AFFECTED AND IN ANY CASE, INCOME WOULD RISE FOR EXPORTERS. IF OIL WAS NOT EXPORTED, CONSUMING COUNTRIES WOULD FACE ENERGY CRISIS. IN SHORT, BASIC PROBLEM IS THAT ADJUSTMENT MECHANISMS WHICH MAY BE APPROPRIATE TO INDUSTRIALIZED TRADING NATION SUCH AS JAPAN, ARE IRRELEVANT TO CAPITAL EXPORTING, OIL PRODUCING COUNTRIES WHICH RELY, ESSENTIALLY, ON ONE RESOURCE FOR INCOME AND THAT RESOURCE HAPPENS TO BE IN SUCH HIGH DEMAND THAT IT NOT ONLY IS PRICE INELASTIC BUT VIRTUALLY MUST BE SOLD.

4. HAMZA ABBAS INDICATED GOK INTENDS CONSULT ON THESE MATTERS WITH OTHER OIL PRODUCING, CAPITAL EXPORTING COUNTRIES FIRST AND LATER WITH ARAB STATES IN GENERAL.

5. COMMENT: EMBOFF STRESSED USG INTEREST IN ARRIVING AT SOLUTION WHICH WOULD SERVE EVERYONE'S INTEREST WHILE AVOIDING INSTABILITY WHICH HAS CHARACTERIZED MONETARY SITUATION DURING RECENT PAST. HAMZA ABBAS SAID GOK SHARES THIS GOAL AND AGREED THAT EXCHANGE OF VIEWS WAS USEFUL. HE ALSO AGREED THAT POINTS IN U.S. PAPER REFLECTED AWARENESS OF SPECIAL PROBLEMS AND REQUIREMENTS OF OIL-PRODUCING, CAPITAL EXPORTING COUNTRIES. IN SHORT HE APPRECIATES SPIRIT BEHIND USG VIEWS. NEVERTHELESS, HE MUST BE DESCRIBED AS SKEPTICAL OVER WHETHER THEY WILL BE ACCEPTED AND IF SO, WHETHER US PLAN CAN REALLY WORK.  
STOLTZFUS

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, PETROLEUM, FINANCIAL RESERVES, INVESTMENTS, EXPORT PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 AUG 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973KUWAIT02980  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS STOLTZFUS  
**Errors:** N/A  
**Film Number:** n/a  
**From:** KUWAIT  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730829/aaaaauwq.tel  
**Line Count:** 92  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 157536  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03-Jan-2002 by willialc>; APPROVED <14-Jan-2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ARAB MONETARY RESERVES  
**TAGS:** EFIN, KU, (ABBAS, HAMZA HUSSEIN AL)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005